



An Affordability Legislative Agenda: Recommendations of Commission Staff

Commission staff has participated in the development of, and reviewed the findings and recommendation of, its Special Panel on Affordability. Below are a set of specific recommendations that have grown out of the work of the panel but may not necessarily be consistent with the panel's final recommendations. Staff recognizes and appreciates the discussions and priorities of the panel, particularly the commitment to increasing need-based student aid. However, a full range of options addressing affordability should be included in a Commission legislative agenda. As data gathered by the panel indicate, the "middle-income squeeze" is a very real phenomenon; preserving access and affordability for those families that have traditionally provided support for higher education must also remain a priority.

Therefore staff recommends the following as the basis for an Affordability Legislative Agenda for the 2007-2008 session:

Student Fees/Financial Aid

- The Commission should reaffirm its position of a five-year "freeze" on mandatory state-wide fees, contingent on sufficient general fund support. The only direct impact the State can have on reducing college costs for middle-income families is through a reduction of fees or by substantially increasing need-based aid.
- Increases to the State's Cal Grant programs should recognize and reflect the total cost of attendance, not just fees, as the basis for funding increases in these and other state funded programs.
- The Commission should support efforts that make costs, particularly fees, predictable over a given period of attendance. Programs such as those being actively explored and implemented in Illinois that freeze fees at the initial point of enrollment might provide a good model for California higher education.
- Middle income-families are often ineligible for the need-based grant aid that accompanies fee increases. Without access to grant assistance these families bear an ever greater share of the burden for fee increases. Commission staff believes that additional assistance for such families is critical to maintaining and increasing support for higher education in California.
- The Commission should continue to provide leadership on the issue of decentralizing the administration of the Cal Grant programs. Packaging all forms of student aid at the campus level helps students, families, and schools better access aid and creates greater efficiencies by eliminating duplication.

Borrowing

State policy makers should recognize the impact that borrowing for higher education has on access to higher education, as well as its impact on the state's economy. With the growth of the student loan program for parents, higher education costs are affecting the ability of multiple generations to fully participate in the state's economy.

- The Legislature and the Governor should actively explore the option of a state-financed low-cost loan program that could be used by middle-income families. Such a program could be financed through general obligation bonds or other financing mechanisms. It would not be fully self-financing, but the repayment streams from a low-cost loan program, combined with a modest level of state subsidy for delivery and servicing, could provide a low-cost borrowing option that would have broad based public support.
- If a low-cost loan program is implemented, it should have options for loan forgiveness/cancellation for students choosing to work in the public sector or other fields that the state determines to be a high priority.

Tax Policy

State tax policy can mitigate and lessen the impact of out-of-pocket college costs. It can also send a positive signal from state policy makers that making college costs affordable is a priority.

- The Commission should explore the use of tax policy to lower the cost of higher education in California. Tax credits, when sufficiently robust and broadly applied, could have a major impact on Californian's willingness and ability to access higher education. Tax credits directed at offsetting the cost of attendance at California colleges should have a refundable component so that low as well as middle-income families can directly benefit from the full out-of-pocket expenses associated with the total cost of attendance.
- State tax credits should be considered for other items in the student expense budget such as housing, transportation, and technology related expenses.
- Alternately, state tax incentives could be provided to families with dependent students attending public higher education institutions. Additionally, specific health care incentives could be provided to students who are attending institutions on a full-time status.

Textbooks

The Commission should play an active role in reducing the cost of textbooks for students attending California institutions. The State should explore, and possibly provide, financial and other incentives for campuses to do the following:

- Provide incentives and/or funding for textbook rental programs for large general education courses requiring high-priced textbooks;
- Explore emergency textbook loans and consider turning a proportion of them into textbook scholarships for high-need students;
- Provide incentives to campuses using technology-based solutions for textbook materials, including the establishment of an online textbook community (like WIKIPEDIA), where professors peer-review each other's work;
- Encourage publishers to print and sell supplemental additions to large textbooks rather than reissuing the same textbook with minor changes; and
- Encourage professors to distribute syllabi well before classes begin, so students can shop for texts on the open market, and provide professors with a textbook price list so they are aware of the costs to students.

Health

The Governor and the Legislature have expressed their intent to address the rising costs of health care. Students and California's colleges and universities are acutely impacted by increasing health care costs. As part of any meaningful effort to improve affordability and health care coverage, the needs of students must be directly addressed.

- The State should assess the eligibility requirements for public health care coverage to identify and eliminate barriers to needy students.
- The State should explore efforts to make health care coverage options more affordable through consolidated purchasing of health care services.

Housing

The costs of housing, both on- and off-campus, are a major expense for students and families in a high-cost state such as California. Traditionally, on-campus housing has been self-financing while off-campus housing has been subject to local market forces. Because it is a major part of the increase in the total cost of attendance, alternatives to current practices should be explored, including:

- State level legislative initiatives using tax exempt bond funds to finance off campus housing were introduced in the last legislative session. Commission staff recommends that this approach be explored further in the upcoming legislative session.
- Commission staff recommends exploring programs that could facilitate partnerships with the Housing and Urban Development (HUD) agency, State, and local housing and redevelopment agencies to provide seed money for low-cost student housing.